

Tongtai Machine & Tool Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tongtai Machine & Tool Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports issued by other independent auditors (refer to Other Matter paragraph below), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Opinion

We conducted our audits of the standalone financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the Company's standalone financial statements for the year ended December 31, 2023 are as follows:

Revenue recognition

Specific machine types sold to specific industries have different level of customization based on the customer requirements, for the equipment manufacturer that recognize revenue depending on the various trade terms in each individual sale transaction. As a result, we identified revenue recognition as one of the key audit matters.

Refer to Note 4 (m) to the standalone financial statements for the related accounting policies and disclosures on revenue recognition.

1. We performed the test of internal control, understanding whether revenue is recognized based on acquisition the approved reports on completion of installation signed by end customer or export-related documents.
2. We performed test of details of recorded revenue against the supporting documents including the approved reports on completion of installation signed by end customer, export-related documents, and acceptance receipts.
3. Reviewing and analyzing the reason for significant sales returns and allowances that took place after the balance sheet date to assess the reasonableness of the related accrued sales returns and allowances.

Inventory valuation

Inventory is material to the Company. As of December 31, 2022, inventory amounted to NT\$2,645,011 thousand, representing 27% of the Company's total assets. In addition, inventory valuation involves critical accounting estimates. Therefore, we identified the inventory valuation as one of the key audit matters. Refer to Notes 4 (e), 5 (b) and 10 to the standalone financial statements for the related accounting policies and disclosures on inventory valuation.

The key audit procedures performed in respect of the above key audit matter included the following:

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.
2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.
3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

Other Matter

Certain investments in subsidiaries accounted for using the equity method were included in the standalone financial statements as of December 31, 2023 and 2022 and for the years then ended based on financial statements audited by other independent auditors. The total of such investments amounted to NT\$324,005 thousand and NT\$343,304 thousand, representing 3% and 3% of the Company's total assets as of December 31, 2023 and 2022, respectively, and the Credit balance for investments accounted for using the equity method amounted to NT\$320,257 thousand and NT\$389,113 thousand, representing 7% and 8% of the Company's total liabilities as of December 31, 2023 and 2022, respectively, and the total share of loss of subsidiaries and associates amounted to NT\$(135,595) thousand and NT\$(161,529) thousand, representing 1,220% and 110% of the Company's total profit (loss) before income tax for the years ended December 31, 2023 and 2022, respectively.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial

statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lee-Yuan Kuo and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2024

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

TONGTAI MACHINE & TOOL CO., LTD

STANDALONE BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 238,941	2	\$ 153,329	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	11,948	-
Notes receivable, net (Notes 5 and 10)	75,544	1	118,867	1
Notes receivable - related parties (Notes 5, 10 and 33)	245	-	2,179	-
Accounts receivable, net (Notes 4, 5 and 10)	456,916	5	706,222	7
Accounts receivable - related parties (Notes 4, 5, 10 and 33)	165,364	2	201,900	2
Other receivables	6,694	-	5,726	-
Other receivables - related parties (Note 33)	889,098	9	752,757	8
Current tax assets (Notes 4 and 26)	1,855	-	2,527	-
Inventories (Notes 4, 5 and 11)	2,645,011	27	2,874,286	29
Other financial asses - current (Notes 13 and 34)	10,928	-	59,406	1
Other current assets	53,866	1	34,875	-
Total current assets	<u>4,544,462</u>	<u>47</u>	<u>4,924,022</u>	<u>50</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	177,323	2	159,663	2
Non-current financial assets at amortised cost (Notes 4 and 9)	20,000	-	-	-
Investments accounted for using the equity method (Notes 4 and 12)	2,319,141	24	2,395,867	24
Property, plant and equipment (Notes 4, 14 and 34)	990,415	10	1,050,002	10
Right-of-use assets (Notes 4 and 15)	589,504	6	483,380	5
Investment properties (Notes 4, 16 and 34)	442,980	5	468,454	5
Computer software (Notes 4 and 17)	32,761	1	26,967	-
Deferred tax assets (Notes 4 and 26)	360,771	4	308,317	3
Refundable deposits	3,693	-	6,181	-
Long-term notes and accounts receivable (Note 10)	2,167	-	423	-
Other financial assets - non-current (Notes 13 and 34)	96,932	1	71,488	1
Other non-current assets (Note 10)	21,508	-	25,191	-
Total non-current assets	<u>5,057,195</u>	<u>53</u>	<u>4,995,933</u>	<u>50</u>
TOTAL	<u>\$ 9,601,657</u>	<u>100</u>	<u>\$ 9,919,955</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 1,290,000	14	\$ 1,024,840	10
Contract liabilities - current (Notes 4, 24 and 33)	268,292	3	402,533	4
Notes payable (Note 19)	1,913	-	5,900	-
Accounts payable (Note 19)	320,151	3	494,990	5
Accounts payable - related parties (Notes 19 and 33)	97,268	1	135,342	1
Other payables (Notes 20 and 33)	216,747	2	236,126	3
Current tax liabilities (Notes 4 and 26)	5,402	-	-	-
Provisions - current (Notes 4 and 21)	17,724	-	16,586	-
Lease liabilities - current (Notes 4 and 15)	21,869	-	17,124	-
Current portion of long-term bank borrowings (Notes 18 and 34)	993,333	11	342,833	4
Other current liabilities	5,634	-	11,081	-
Total current liabilities	<u>3,238,333</u>	<u>34</u>	<u>2,687,355</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 18 and 34)	100,000	1	1,093,333	11
Deferred tax liabilities (Notes 4 and 26)	61,301	1	61,301	1
Lease liabilities -noncurrent (Notes 4 and 15)	591,252	6	484,449	5
Net defined benefit liabilities (Notes 4 and 22)	42,868	-	49,610	-
Guarantee deposits received	3,452	-	3,452	-
Credit balance for investments accounted for using the equity method (Notes 4 and 12)	469,787	5	469,573	5
Total non-current liabilities	<u>1,268,660</u>	<u>13</u>	<u>2,161,718</u>	<u>22</u>
Total liabilities	<u>4,506,993</u>	<u>47</u>	<u>4,849,073</u>	<u>49</u>
EQUITY (Notes 23 and 28)				
Ordinary shares	<u>2,548,265</u>	<u>26</u>	<u>2,548,265</u>	<u>26</u>
Capital surplus	<u>1,220,665</u>	<u>13</u>	<u>1,195,552</u>	<u>12</u>
Retained earnings				
Legal reserve	753,831	8	743,589	7
Special reserve	89,749	1	89,749	1
Unappropriated earnings	509,533	5	513,566	5
Total retained earnings	<u>1,353,113</u>	<u>14</u>	<u>1,346,904</u>	<u>13</u>
Other equity	(27,379)	-	(19,839)	-
Total equity	<u>5,094,664</u>	<u>53</u>	<u>5,070,882</u>	<u>51</u>
TOTAL	<u>\$ 9,601,657</u>	<u>100</u>	<u>\$ 9,919,955</u>	<u>100</u>

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 26, 2024)

TONGTAI MACHINE & TOOL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 24 and 33)	\$ 2,420,047	100	\$ 3,318,625	100
OPERATING COSTS (Notes 11, 22, 25 and 33)	<u>1,885,542</u>	78	<u>2,453,957</u>	74
GROSS PROFIT	534,505	22	864,668	26
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(170)	-	(1,480)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>3,330</u>	<u>-</u>	<u>7,490</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>537,665</u>	<u>22</u>	<u>870,678</u>	<u>26</u>
OPERATING EXPENSES (Notes 10, 22, 25 and 33)				
Selling and marketing expenses	335,505	14	323,187	10
General and administrative expenses	217,807	9	250,440	7
Research and development expenses	146,675	6	107,525	3
Loss (reversal) of expected credit loss	<u>12,741</u>	<u>-</u>	<u>23,324</u>	<u>1</u>
Total operating expenses	<u>712,728</u>	<u>29</u>	<u>704,476</u>	<u>21</u>
PROFIT (LOSS) FROM OPERATIONS	(<u>175,063</u>)	(<u>7</u>)	<u>166,202</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 33)				
Interest income	31,861	1	17,399	1
Other income	114,352	5	79,299	2
Other gains and losses	211,674	9	47,821	1
Finance costs	(61,306)	(3)	(51,489)	(1)
Share of profit of subsidiaries and associates	(<u>110,407</u>)	(<u>5</u>)	(<u>112,626</u>)	(<u>3</u>)
Total non-operating income and expenses	<u>186,174</u>	<u>7</u>	(<u>19,596</u>)	<u>-</u>
PROFIT BEFORE INCOME TAX	11,111	-	146,606	5
INCOME TAX EXPENSE (Notes 4 and 26)	(<u>39,020</u>)	(<u>2</u>)	<u>55,651</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>50,131</u>	<u>2</u>	<u>90,955</u>	<u>3</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	\$ 3,561	-	\$ 12,605	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	17,660	1	(34,868)	(1)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	4,194	-	1,387	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(712)	-	(2,521)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(9,859)	-	25,601	1
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(21,641)	(1)	1,398	-
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 6,300	-	(\$ 5,400)	-
Other comprehensive loss for the year, net of income tax	(497)	-	(1,798)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 49,634	2	\$ 89,157	3
EARNINGS PER SHARE (Note 27)				
Basic	\$ 0.20	-	\$ 0.36	-
Diluted	0.20	-	0.36	-

(Concluded)

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 26, 2024)

TONGTAI MACHINE & TOOL CO., LTD.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

							Other Equity		
	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Total Other Equity	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve			\$ 135,986	\$ 6,570		
BALANCE AT JANUARY 1, 2022	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 474,550	(\$ 142,556)	\$ 135,986	(\$ 6,570)	\$ 5,031,234
Appropriation of 2021 earnings (Note 23)									
Legal reserve	-	-	12,445	-	(12,445)	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)
Net profit for the year ended December 31, 2022	-	-	12,445	-	(63,410)	-	-	-	90,955
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	90,955	-	-	-	90,955
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	11,471	21,599	(34,868)	(13,269)	(1,798)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 28)	-	1,456	-	-	-	21,599	(34,868)	(13,269)	89,157
BALANCE AT DECEMBER 31, 2022	2,548,265	1,195,552	743,589	\$ 89,749	\$ 513,566	(\$ 120,957)	\$ 101,118	(\$ 19,839)	\$ 5,070,882
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	10,242	-	(10,242)	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)
Net profit for the year ended December 31, 2023	-	-	10,242	-	(61,207)	-	-	-	50,131
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	50,131	-	-	-	50,131
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	7,043	(25,200)	17,660	(7,540)	(497)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 28)	-	25,113	-	-	-	(25,200)	17,660	(7,540)	49,634
BALANCE AT DECEMBER 31, 2023	\$ 2,548,265	\$ 1,220,665	\$ 753,831	\$ 89,749	\$ 509,533	(\$ 146,157)	\$ 118,778	(\$ 27,379)	\$ 5,094,664

The accompanying notes are an integral part of the standalone financial statements.

(With Deloitte & Touche auditors' report dated March 26, 2024)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 11,111	\$ 146,606
Adjustments for:		
Depreciation expense	133,758	138,444
Amortization expense	31,069	25,284
Expected credit loss (reversal gain)	12,741	23,324
Net loss (profit) on fair value change of financial assets at fair value through profit or loss	1,548	(15,414)
Finance costs	61,306	51,489
Interest income	(31,861)	(17,399)
Dividend income	(13,421)	(11,306)
Share of loss of associates	110,407	112,626
Gain on disposal of property, plant and equipment	(113,267)	(1,592)
Impairment loss recognized on nonfinancial assets	9,539	1,464
Realized gain on the transactions with subsidiaries	(3,160)	(6,010)
Recognition of provisions	23,088	25,824
Gain on disposal of subsidiaries under the equity method	(113,687)	-
Others	(2,208)	(3,784)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	10,400	33,483
Notes receivable and long-term notes receivable	43,380	53,875
Notes receivable - related parties	1,934	1,370
Accounts receivable	234,764	419,297
Accounts receivable - related parties	36,536	129,915
Other receivables	(1,588)	4,644
Other receivables - related parties	(4,639)	(1,871)
Inventories	197,347	(169,428)
Other current assets	(18,991)	7,888
Financial liabilities held for trading	-	(5,458)
Contract liabilities	(134,241)	3,043
Notes payable	(3,987)	5,888
Accounts payable	(174,839)	(182,341)
Accounts payable - related parties	(38,074)	7,718
Other payables	(19,102)	23,184
Provisions	(21,950)	(30,283)
Other current liabilities	(5,447)	6,455
Net defined benefit liabilities	(3,181)	(11,299)
Cash generated from operations	215,285	765,636

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
Interest received	\$ 14,949	\$ 12,793
Dividend received	13,421	11,306
Interest paid	(61,529)	(50,970)
Income taxes paid	(1,772)	(12,603)
Net cash generated from operating activities	<u>180,354</u>	<u>726,162</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	(20,000)	-
Net cash inflow on disposal of subsidiary	-	20,210
Proceeds from capital reduction of investments accounted for using equity method	33,162	-
Acquisition of property, plant and equipment	(15,340)	(13,077)
Proceeds from disposal of property, plant and equipment	1,619	1,452
Increase in refundable deposits	-	(522)
Decrease in refundable deposits	2,488	-
Decrease (increase) in other receivables - related parties	(114,170)	(233,555)
Acquisition of computer software	(12,724)	(3,188)
Increase in other financial assets	-	(27,822)
Decrease in other financial assets	23,034	-
Increase in other non-current assets	(6,473)	(20,924)
Dividends received from subsidiaries	<u>39,162</u>	<u>49,608</u>
Net cash generated from (used in) financing activities	<u>(69,242)</u>	<u>(227,818)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,148,000	257,000
Decrease in short-term borrowings	(882,840)	(423,240)
Decrease in short-term bills payable	-	(410,000)
Repayments of long-term bank borrowings	(342,833)	(297,834)
Guarantee deposits received	-	2,421
Repayment of principle of lease liabilities	(21,200)	(15,992)
Cash dividends paid	(50,965)	(50,965)
Acquisition of ownership interests in subsidiaries	-	(13,499)
Disposal of ownership interests in subsidiaries	<u>124,338</u>	-
Net cash used in financing activities	<u>(25,500)</u>	<u>(952,109)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>85,612</u>	<u>(453,765)</u>
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>153,329</u>	<u>607,094</u>
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 238,941</u>	<u>\$ 153,329</u>
The accompanying notes are an integral part of the standalone financial statements.		(Concluded)
(With Deloitte & Touche auditors' report dated March 26, 2024)		

TONGTAI MACHINE & TOOL CO., LTD.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Tongtai Machine & Tool Co., Ltd. (the “Company”) was incorporated in January 1969. It is mainly engaged in the manufacturing and selling of machine tools, computer components, computer numerical control lathes and cutting centers.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 15, 2003.

The standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 13, 2024

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

b. The IFRSs endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangement”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the standalone financial statements were authorized by the board of directors for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material on the Corporation’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date
Announced by IASB (Note 1)	
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the standalone financial statements were authorized by the board of director for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The standalone financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit assets and liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its standalone financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owner of the Company in its standalone financial statements, adjustments arising from the differences in accounting treatment between standalone basis and consolidated basis were made to

investments accounted for using equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in the standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets are realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within twelve months after the reporting period; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are stated at the historical translated amount.

For the purpose of presenting standalone financial statements, the functional currencies of the entities associated with the Company (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments on identifiable assets and liabilities recognized on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of balance sheet date. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consisting of raw materials, supplies, work-in-progress and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Raw materials and supplies are recorded at the moving-average cost, and the work-in-progress and finished goods are recorded at cost by the specific identification method.

f. Investments accounted for equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

Subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transaction. Any difference between the carrying amount of the investment and the fair value of consideration paid or received is directly recognized in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Company

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is

neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the associate. The Company should record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company will discontinue recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investment in associate is tested for impairment by treating the entire carrying amount of the investment (including goodwill) as a single asset and then compare that carrying amount with the estimated recoverable amount. Any impairment loss recognized is deducted from investment and the carrying amount of the investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

Gains and losses resulting from upstream, downstream and sidestream transactions between and among the Company and its associates are recognized in the standalone financial statements only to the extent of interests in the associate of entities that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for the land is not depreciated, other depreciation of property, plant and equipment is recognized using the straight-line method.

Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Computer Software

Computer software with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

j. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right - of use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through

profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets, refundable deposits and long-term notes and accounts receivable, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;

- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in

their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are carried at amortized cost using the effective interest method:

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, cross-currency swap contracts and swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

I. Provisions

Provisions are measured at the best estimate of the cash flows required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the Company's best estimate of the expenditure required to settle the obligations.

m. Revenue recognition

The Company identifies contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of machine. Revenue from domestic sales is recognized when the installation of machine or tool is completed. Revenue from export sales is recognized according to the trade conditions or the completion date of machine installation. The customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue from maintenance and rebuilding are recognized when services are provided.

n. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate

implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the year in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Current tax is the amount of tax at statutory rate calculated on the taxable profit at the balance sheet date.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences, loss carryforwards and research and development expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 354	\$ 458
Checking accounts and demand deposits	232,446	116,019
Cash equivalents		
Time deposits with original maturities of less than three months	6,141	36,852
	<u>\$ 238,941</u>	<u>\$ 153,329</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		

Financial assets mandatorily classified as at FVTPL

Derivative financial assets

Cross-currency swap contracts \$ - \$ 11,948

At the balance sheet date, outstanding cross-currency swap contracts not accounted for by hedge accounting were as follows:

Notional Amounts (In Thousands)	Maturity Date	Range of interest Rates Paid (%)	Range of Interest Rates Received
<u>December 31, 2022</u>			
USD2,000 / NTD55,700	2023.02	0.91	SOFR+ 0.68
USD2,000 / NTD55,700	2023.02	0.91	SOFR+ 0.68

The Company entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. For the years ended December 31, 2023 and 2022, the Company recognized gain on cross-currency swap contracts, swap contracts and foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT\$(1,548) thousand and NT\$20,621 thousand, respectively, included

in gain (loss) on financial instruments at fair value through profit or loss.

For the years ended December 31, 2022, the Company entered into mutual funds financial products and recognized loss in the amounts of (NT\$5,207) thousand.

8. FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
Investment in equity instruments		
Domestic investments		
Listed shares	\$ 145,239	\$ 123,364
Unlisted shares	<u>32,084</u>	<u>36,299</u>
	<u><u>\$ 177,323</u></u>	<u><u>\$ 159,663</u></u>

9. FINANCIAL ASSETS AT AMORTIZED COST – NON-CURRENT

	December 31	
	2023	2022
Unlisted Preference shares	\$ 20,000	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u><u>\$ 20,000</u></u>	<u><u>\$ -</u></u>

The amount of notes receivable pledged by the subsidiary as a guarantee for the loan (refer to note 35).

10. NOTES AND ACCOUNTS RECEIVABLE, LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	December 31	
	2023	2022
Notes receivable (operating)		
Gross carrying amount at amortized cost	\$ 76,853	\$ 120,214
Less: Unrealized interest revenue	<u>1,309</u>	<u>1,347</u>
	<u><u>\$ 75,544</u></u>	<u><u>\$ 118,867</u></u>
Notes receivable- related parties (operating)		
Gross carrying amount at amortized cost	<u><u>\$ 245</u></u>	<u><u>\$ 2,179</u></u>
Accounts receivable		
Gross carrying amount at amortized cost	\$ 623,044	\$ 857,818
Less: Allowance for impairment loss	<u>166,128</u>	<u>151,596</u>
	<u><u>\$ 456,916</u></u>	<u><u>\$ 706,222</u></u>
Accounts receivable - related parties		
Gross carrying amount at amortized cost	<u><u>\$ 165,364</u></u>	<u><u>\$ 201,900</u></u>

(Continued)

	December 31	
	2023	2022
Long-term notes and accounts receivable (operating)		
Gross carrying amount at amortized cost	\$ 2,167	\$ 423
Overdue receivable (included in other noncurrent assets)		
Gross carrying amount at amortized cost	\$ 17,658	\$ 19,459
Less: Allowance for impairment loss	<u>17,658</u>	<u>19,459</u>
	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

The credit period of the Company's receivables depends on customer classification and product category. The Company makes prudent assessment of all their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk were significantly reduced.

The Company applies the simplified approach to providing for expected credit losses which permits the use of lifetime expected loss provision for all notes and accounts receivables. The expected credit losses on notes and accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience do not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after the recourse procedures. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivables based on the Company and its subsidiaries' provision matrix:

December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 545 Days	546 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 452,171	\$ 46,125	\$ 43,358	\$ 78,894	\$ 42,488	\$ 82,728	\$ 45,239	\$ 75,361	\$ 17,658	\$ 884,022
Loss allowance (Lifetime ECL)	(1,144)	(6,626)	(7,088)	(10,417)	(15,174)	(43,709)	(6,609)	(75,361)	(17,658)	(183,786)
Amortized cost	<u>\$ 451,027</u>	<u>\$ 39,499</u>	<u>\$ 36,270</u>	<u>\$ 68,477</u>	<u>\$ 27,314</u>	<u>\$ 39,019</u>	<u>\$ 38,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,236</u>

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 545 Days	546 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	\$ 763,219	\$ 129,291	\$ 77,625	\$ 68,555	\$ 25,314	\$ 22,549	\$ 1,678	\$ 92,951	\$ 19,459	\$ 1,200,646
Loss allowance (Lifetime ECL)	(4,795)	(19,394)	(11,644)	(10,283)	(3,794)	(7,892)	(839)	(92,951)	(19,459)	(171,055)
Amortized cost	<u>\$ 758,424</u>	<u>\$ 109,897</u>	<u>\$ 65,981</u>	<u>\$ 58,272</u>	<u>\$ 21,524</u>	<u>\$ 14,657</u>	<u>\$ 839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,029,591</u>

The movements of the loss allowance of notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of period	\$ 171,055	\$ 164,874
Recognition (reversed)	12,741	23,324
Written off	(10)	(17,143)
Balance, end of period	<u>\$ 183,786</u>	<u>\$ 171,055</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 1,228,120	\$ 1,362,922
Supplies	134,235	142,372
Work-in-progress	909,397	847,216
Finished goods	<u>373,259</u>	<u>521,776</u>
	<u><u>\$ 2,645,011</u></u>	<u><u>\$ 2,874,286</u></u>

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was NT\$1,885,542 thousand and NT\$2,453,957 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows :

	For the Year Ended December 31	
	2023	2022
Inventory write-downs	<u>\$ 9,539</u>	<u>\$ 1,464</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 1,098,989	\$ 1,918,179
Investments in associates	<u>750,365</u>	<u>8,115</u>
	<u>1,849,354</u>	<u>1,926,294</u>
Add: Credit balance for investments accounted for using the equity method	<u>469,787</u>	<u>469,573</u>
	<u><u>\$ 2,319,141</u></u>	<u><u>\$ 2,395,867</u></u>

a. Investments in subsidiaries - unlisted companies

	December 31			
	2023	2022		
	Amount	% of Owner - ship	Amount	% of Owner - ship
Union Top Industrial (Samoa) Limited (Union Top)	\$ 972,634	100.00	\$ 1,049,831	100.00
Tongfong Auto Tech Co., Ltd. (Tongfong)	37,230	100.00	39,029	100.00
Asia Pacific Elite Corp. (APEC)	144,888	99.83	127,437	99.83
Quick-Tech Machinery Co., Ltd. (Quick-Tech)	82,501	99.14	48,917	99.14
Honor Seiki Co., Ltd. (Honor Seiki)	-	-	608,388	54.47
Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	29,099	94.58	40,534	94.58
Chin-Jig Technology Co., Ltd. (Chin-Jig)	-	-	-	-

Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	22,793	100.00	23,130	100.00
(Continued)				
Tong Tai Machinery Co., Ltd. (TTM)	25,132	100.00	22,399	100.00
Tongtai Seiki Vietnam Co., Ltd. (TTVN)	21,491	100.00	23,337	100.00
Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	15,988	52.00	13,127	52.00
Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	34,752	100.00	36,612	100.00
Tong-Tai Seiki USA, Inc.(TSU)	2,619	100.00	5,192	100.00
TTGroup America, Inc. (TTGA)	-	100.00	-	-
Tongtai Mexico, S.A.DE C.V. (TTGMx)	4,474	100.00	6,515	100.00
Process Conception Ingenierie-Societe de Construction D'équipements, De Mecanisations Et De Machines (PCI)	175,175	100.00	343,304	100.00
Tongtai Europe B.V. (TTE)	(56,383)	100.00	(47,008)	100.00
Tongan GmbH (Tongan)	(413,404)	100.00	(422,565)	100.00
	<u>\$ 1,098,989</u>		<u>\$ 1,918,179</u>	

(Concluded)

In December 2022, the Chin-Jig Technology Co., Ltd. was liquidated.

In December 2022, the Company acquired a part of shares from non-controlling interest of Tong-Yeh. (Refer to Note 28)

The Company recognized impairment loss amounted of NT\$17,286 thousand and NT\$11,989 thousand of the APEC and Quick-Teck, respectively, due to the recoverable amount was lower than the carrying amount.

In July, 2023, a resolution had been approved by the Board of Director for the release of 2,703 thousand shares of Honor Seiki held by the Company, resulting in a decrease in the percentage of ownership from 54.47% to 46.63% (Refer to Note 28).

After Honor Seiki re-elected directors in November 2023, the Company lost control, and recognized gain on disposal \$113,687 thousand. Refer to notes 12, 13, 29 and 30 in the consolidated financial statement report for related share transaction.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements which have been audited for the same years.

b. Investments in associates

	December 31	
	2023	2022
Material associate		
Honor Seiki Co., Ltd. (Honor Seiki)	\$ 741,343	\$ -
Associates that are not individually material	<u>9,022</u>	<u>8,115</u>
	<u><u>\$ 750,365</u></u>	<u><u>\$ 8,115</u></u>

1) Material associate

Company	Percentage of Ownership and Voting Rights (%)	
	December 31, 2023	
Honor Seiki	46.63	

The summarized financial information below represents shown in the financial statements of Honor Seiki, which have been prepared in accordance with the IFRS Accounting Standards and adjusted of the purposes of applying equity method.

Honor Seiki

	For the Year Ended December 31, 2023
Current assets	\$ 1,575,232
Non-current assets	858,284
Current liabilities	(880,031)
Non-current liabilities	(212,782)
equity	<u>\$ 1,340,703</u>
Ownership percentage (%)	46.63
Equity attributable to the Company and its subsidiaries	\$ 625,197
Goodwill	<u>116,146</u>
Carrying amount of the investment	<u>\$ 741,343</u>
	December 31, 2023
Operating revenues	<u>\$ 1,347,043</u>
Net profit for the year	\$ 141,380
Other comprehensive income	(645)
Total comprehensive income	<u>\$ 140,735</u>

2) Associates that are not individually material

	December 31	
	2023	2022
Printin3d DigiTech Co., Ltd.	\$ 9,022	\$ 8,115
Cyber Laser Taiwan Co., Ltd.	- <u>\$ 9,022</u>	- <u>\$ 8,115</u>
	For the Year Ended December 31	
	2023	2022
The Company's share of		
Net profit for the year	\$ 907	\$ 218
Other comprehensive income	- <u>\$ 907</u>	- <u>\$ 218</u>
Total comprehensive income		

Refer to Table 6 "Information on Investees" for the above investees' main business nature, principal places of business and countries of incorporation.

The Company recognized fully impairment loss of the associate, Cyber, due to the recoverable amount was lower than the carrying amount, and Cyber was deregistered in May 2023.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the associates' financial statements which have been audited for the same years.

13. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Current		
Pledged deposits and time deposits	\$ 9,440	\$ 14,126
Time deposits with original maturities more than three months	-	30,710
Deposits for projects	<u>1,488</u>	<u>14,570</u>
	<u><u>\$ 10,928</u></u>	<u><u>\$ 59,406</u></u>
Non-current		
Pledged deposits and time deposits	<u><u>\$ 96,932</u></u>	<u><u>\$ 71,488</u></u>

Refer to Note 34 for information relating to other financial assets pledged as collateral.

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2023	\$ 187,018	\$ 1,541,431	\$ 308,030	\$ 112,597	\$ 33,348	\$ 152,228	\$ 10,767	\$ 2,345,419
Additions	-	3,614	19,545	-	1,375	11,063	800	36,397
Disposals	-	-	(120)	-	-	(11,225)	-	(11,345)
Reclassifications	-	<u>22,043</u>	<u>(3,323)</u>	-	-	-	<u>(10,767)</u>	<u>7,953</u>
Balance at December 31, 2023	<u>187,018</u>	<u>1,567,088</u>	<u>324,132</u>	<u>112,597</u>	<u>34,723</u>	<u>152,066</u>	<u>800</u>	<u>2,378,424</u>
<hr/>								
Accumulated depreciation and impairment	-	839,478	199,249	94,384	32,093	130,213	-	1,295,417
Balance at January 1, 2023	-	51,957	26,111	4,170	855	10,701	-	93,794
Depreciation	-	-	(120)	-	-	(9,606)	-	(9,726)
Disposals	-	-	-	-	-	-	-	-
Reclassifications	-	<u>9,909</u>	<u>(1,385)</u>	-	-	-	-	8,524
Balance at December 31, 2023	<u>-</u>	<u>901,344</u>	<u>223,855</u>	<u>98,554</u>	<u>32,948</u>	<u>131,308</u>	<u>-</u>	<u>1,388,009</u>
Carrying amount at December 31, 2023	<u><u>\$ 187,018</u></u>	<u><u>\$ 665,744</u></u>	<u><u>\$ 100,277</u></u>	<u><u>\$ 14,043</u></u>	<u><u>\$ 1,775</u></u>	<u><u>\$ 20,758</u></u>	<u><u>\$ 800</u></u>	<u><u>\$ 990,415</u></u>

For the Year Ended December 31, 2022

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2022	\$ 187,018	\$ 1,670,700	\$ 372,581	\$ 111,007	\$ 32,602	\$ 151,294	\$ -	\$ 2,525,202
Additions	-	1,752	-	1,590	828	1,422	10,767	16,359
Disposals	-	-	(55,736)	-	(82)	(755)	-	(56,573)
Reclassifications	-	<u>(131,021)</u>	<u>(8,815)</u>	-	-	267	-	<u>(139,569)</u>
Balance at December 31, 2022	<u>187,018</u>	<u>1,541,431</u>	<u>308,030</u>	<u>112,597</u>	<u>33,348</u>	<u>152,228</u>	<u>10,767</u>	<u>2,345,419</u>
<hr/>								
Accumulated depreciation and impairment	-	816,131	229,403	89,840	29,399	118,834	-	1,283,607
Balance at January 1, 2022	-	55,572	28,814	4,544	2,776	12,134	-	103,840
Depreciation	-	-	(55,736)	-	(82)	(755)	-	(56,573)
Disposals	-	-	-	-	-	-	-	(35,457)
Reclassifications	-	<u>(32,225)</u>	<u>(3,232)</u>	-	-	-	-	<u>(35,457)</u>
Balance at December 31, 2022	<u>-</u>	<u>839,478</u>	<u>199,249</u>	<u>94,384</u>	<u>32,093</u>	<u>130,213</u>	<u>-</u>	<u>1,295,417</u>
Carrying amount at December 31, 2022	<u><u>\$ 187,018</u></u>	<u><u>\$ 701,953</u></u>	<u><u>\$ 108,781</u></u>	<u><u>\$ 18,213</u></u>	<u><u>\$ 1,255</u></u>	<u><u>\$ 22,015</u></u>	<u><u>\$ 10,767</u></u>	<u><u>\$ 1,050,002</u></u>

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings

Main structure	35-60 years
Mechanical and electrical facilities	2-35 years
Engineering system, Air conditioning system and Decoration	2-35 years
Machinery and equipment	2-10 years
Transportation equipment	2-15 years
Office equipment	3-10 years
Other equipment	2-15 years

Property, plant and equipment pledged by the Company as collateral for bank borrowings are described in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	\$ 583,719	\$ 475,466
Transportation equipment	<u>5,785</u>	<u>7,914</u>
	<u>\$ 589,504</u>	<u>\$ 483,380</u>
For the Year Ended December 31		
	2022	2022
Additions to right-of-use assets	<u>\$ 132,748</u>	<u>\$ 6,532</u>
Depreciation charge for right-of-use assets		
Land	\$ 22,302	\$ 17,108
Transportation equipment	<u>4,322</u>	<u>3,343</u>
	<u>\$ 26,624</u>	<u>\$ 20,451</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the year ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	\$ 21,869	\$ 17,124
Non-current	<u>\$ 591,252</u>	<u>\$ 484,449</u>

Range of discount rate for lease liabilities (%) was as follows:

	December 31	
	2023	2022
Land	2.16~2.48	2.16~2.48
Transportation equipment	0.69~1.98	0.69~1.49

c. Material lease activities and terms

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park. The lease period will expire in June 2039. The Company does not have a bargain purchase option to acquire the leased land at the expiration of the lease period

d. Other lease information

	For the Year Ended December 31	
	2022	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 4,727</u>	<u>\$ 4,727</u>
Total cash outflow for leases	<u>(\$ 32,313)</u>	<u>(\$ 32,313)</u>

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park, including 34,580 square meters of newly leased land in 2023. The lease period will expire in March 2043. The Company does not have a bargain purchase option to acquire the leased land at the expiration of the lease period.

16. INVESTMENT PROPERTIES

For the Year ended December 31, 2023

Cost	Land	Buildings	Total
Balance at January 1, 2023	\$ 269,465	\$ 348,707	\$ 618,172
Reclassification	- -	(22,043)	(22,043)
Balance at December 31, 2023	<u>269,465</u>	<u>326,664</u>	<u>596,129</u>
<hr/>			
Accumulated depreciation			
Balance at January 1, 2023	- -	149,718	149,718
Depreciation	- -	13,340	13,340
Reclassification	- -	(9,909)	(9,909)
Balance at December 31, 2023	<u>- -</u>	<u>153,149</u>	<u>153,149</u>
Carrying amount at December 31, 2023	<u>\$ 269,465</u>	<u>\$ 173,515</u>	<u>\$ 442,980</u>

For the Year Ended December 31, 2022

Cost	Land	Buildings	Total
Balance at January 1, 2022	\$ 269,465	\$ 217,686	\$ 487,151
Reclassification	- -	131,021	131,021
Balance at December 31, 2022	<u>269,465</u>	<u>348,707</u>	<u>618,172</u>
<hr/>			
Accumulated depreciation			
Balance at January 1, 2022	- -	103,340	103,340
Depreciation	- -	14,153	14,153
Reclassification	- -	32,225	32,225
Balance at December 31, 2022	<u>- -</u>	<u>149,718</u>	<u>149,718</u>
Carrying amount at December 31, 2022	<u>\$ 269,465</u>	<u>\$ 198,989</u>	<u>\$ 468,454</u>

The abovementioned investment properties were leased out for 1 to 15 years. The leases do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2023 was as follows:

	December 31	
	2023	2022
Year 1	\$ 19,244	\$ 43,892
Year 2	8,436	10,361
Year 3	5,760	5,640
Year 4	5,880	5,760
Year 5	6,000	5,880
Year 6 onwards	<u>31,800</u>	<u>37,800</u>
	<u><u>\$ 77,120</u></u>	<u><u>\$ 109,333</u></u>

The above items of investment properties are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Main structure	10-60 years
Engineering system	2-10 years

The investment properties of the Company are located at Annan District in Tainan City, Hunei District in Kaohsiung City and Kaohsiung Science Park. The fair value of the investment properties was assessed by the management of the Company based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuators were not involved in the fair value assessment.

	December 31	
	2023	2022
Fair value	<u><u>\$ 1,001,780</u></u>	<u><u>\$ 1,024,925</u></u>

All of the Company's investment properties are held under freehold interests. Investment properties pledged by the Company as collateral for bank borrowings are described in Note 34.

17. COMPUTER SOFTWARE

The computer software is amortized on a straight-line basis over 3 to 10 years, the movements were as follows,

	Cost	Accumulated amortization	Carrying amount
Balance at January 1, 2022	\$ 146,788	(\$ 111,516)	\$ 35,272
Additions	3,188	-	3,188
Amortization expenses	- -	(11,493)	(11,493)
Balance at December 31, 2022	149,976	(123,009)	26,967
Additions	12,724	-	12,724
Reclassification	10,767	-	10,767
Amortization expenses	- -	(17,697)	(17,697)
Balance at December 31, 2023	<u><u>\$ 173,467</u></u>	<u><u>(\$ 140,706)</u></u>	<u><u>\$ 32,761</u></u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Bank loans	\$ 1,090,000	\$ 1,024,840
Annual interest rate (%)	1.71～1.803	1.535～4.98

b. Long-term borrowings

	December 31	
	2023	2022
Bank loans		
Due on various dates through September 2024, interest at 1.8671%-2.0361% p.a. and 1.5443%-1.8971% p.a., respectively	\$ 410,000	\$ 470,000
Mortgage loans		
Due on various dates through July 2025, interest at 1.800%-1.860% p.a. and 1.5500%-1.9065% p.a., respectively	683,333	966,166
	1,093,333	1,436,166
Less: Current portion	993,333	342,833
	<u>\$ 100,000</u>	<u>\$ 1,093,333</u>

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

All of the Company's notes payable and accounts payable (included related parties) are generated from operating and unsecured to the creditors.

The Company has financial risk management policies to ensure that all payables are paid within the agreed credit terms.

20. OTHER PAYABLES

	December 31	
	2023	2022
Salaries and incentive bonus	\$ 123,470	\$ 135,177
Commission and service fee	49,855	36,640
Employee compensation and remuneration of directors	1,111	15,714
Others	42,311	44,253
	<u>\$ 216,747</u>	<u>\$ 236,126</u>

21. PROVISIONS

	December 31	
	2023	2022
Current		
Warranties	\$ 17,724	\$ 16,586

Movements of the warranties were as follows,

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 16,586	\$ 21,045
Recognition	23,088	25,824
Written off	(21,950)	(30,283)
Balance at December 31	<u>\$ 17,724</u>	<u>\$ 16,586</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan in the Republic of China. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 219,955	\$ 228,440
Fair value of plan assets	(177,087)	(178,830)
Net defined benefit liabilities	<u>\$ 42,868</u>	<u>\$ 49,610</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 245,890</u>	(<u>\$ 172,376</u>)	<u>\$ 73,514</u>
Service cost			
Current service cost			
Interest expense (income)	1,136	-	1,136
Recognized in profit or loss	<u>1,844</u>	(<u>1,312</u>)	<u>532</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(<u>13,981</u>)	(<u>13,981</u>)
Actuarial loss - changes in financial assumptions	(<u>11,331</u>)	-	(<u>11,331</u>)
Actuarial loss - experience adjustments	<u>12,707</u>	-	<u>12,707</u>
Recognized in other comprehensive income	<u>1,376</u>	(<u>13,981</u>)	(<u>12,605</u>)
Contributions from the employer	-	(<u>12,967</u>)	(<u>12,967</u>)
Benefits paid	(<u>21,806</u>)	<u>21,806</u>	-
	(<u>21,806</u>)	<u>8,839</u>	(<u>12,967</u>)
Balance at December 31, 2022	<u>228,440</u>	(<u>178,830</u>)	<u>49,610</u>
Service cost			
Current service cost	1,090	-	1,090
Interest expense (income)	<u>3,198</u>	(<u>2,539</u>)	<u>659</u>
Recognized in profit or loss	<u>4,288</u>	(<u>2,539</u>)	<u>1,749</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(<u>1,324</u>)	(<u>1,324</u>)
Actuarial loss - changes in financial assumptions	1,655	-	1,655
Actuarial loss - experience adjustments	(<u>3,892</u>)	-	(<u>3,892</u>)
Recognized in other comprehensive income	(<u>2,237</u>)	(<u>1,324</u>)	(<u>3,561</u>)
Contributions from the employer	-	(<u>4,930</u>)	(<u>4,930</u>)
Benefits paid	(<u>10,536</u>)	<u>10,536</u>	-
	(<u>10,536</u>)	<u>5,606</u>	(<u>4,930</u>)
Balance at December 31, 2023	<u>\$ 219,955</u>	(<u>\$ 177,087</u>)	<u>\$ 42,868</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 1,355	\$ 1,316
Selling expenses	310	281
General and administrative expenses	<u>84</u>	<u>71</u>
	<u>\$ 1,749</u>	<u>\$ 1,668</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate (%)	1.30	1.40
Expected rate of salary increase (%)	2.25	2.25
Turnover rate (%)	1~30	1~30
Voluntary retirement rate (%)	5~100	5~100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>(\$ 4,224)</u>	<u>(\$ 4,443)</u>
0.25% decrease	<u> \$ 4,357</u>	<u> \$ 4,587</u>
Expected rate of salary increase		
0.25% increase	<u> \$ 4,185</u>	<u> \$ 4,407</u>
0.25% decrease	<u>(\$ 4,077)</u>	<u>(\$ 4,290)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u> \$ 4,930</u>	<u> \$ 5,018</u>
The average duration of the defined benefit obligation	10 years	10 years

23. EQUITY

a. Ordinary Shares

	December 31	
	2023	2022
Numbers of shares authorized (in thousands)	400,000	400,000
Amount of shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Numbers of shares issued and fully paid (in thousands)	254,827	254,827
Amount of shares issued	<u>\$ 2,548,265</u>	<u>\$ 2,548,265</u>
Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.		

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital	\$ 960,854	\$ 960,854
Conversion of bonds	222,593	222,593
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	26,569	1,456
Interest compensation	5,577	5,577
Expired employee stock warrants	<u>1,234</u>	<u>1,234</u>
	<u>1,216,827</u>	<u>1,191,714</u>
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>
	<u>\$ 1,220,665</u>	<u>\$ 1,195,552</u>

Note: The capital surplus could be used to offset a deficit and distributed as cash dividends or transferred to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's dividend policy takes into consideration the entire corporate environment, the growth of industry, long-term financial planning for sustainable development, and stable business development. In the planning of dividend distribution, the Company performs the following steps:

- 1) Determine the best capital budget.
- 2) Determine the need for capital loan to satisfy the best capital budget.
- 3) Determine how much capital could be raised from retained earnings.
- 4) Determine the funds needed to maintain the profitable operations of the Company. After the operations are funded, dividends could be distributed to shareholders. In principle, cash dividends should not be less than 50% of the total dividends distributed.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 had been approved in the shareholder's meeting in June 2023 and 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings			
	For the Year Ended		Dividend Per Share (NT\$)	
	December 31		2022	2021
	2022	2021		
Legal reserve	\$ 10,242	\$ 12,445		
Cash dividends	<u>50,965</u>	<u>50,965</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>
	<u>\$ 61,207</u>	<u>\$ 63,410</u>		

The appropriations of earnings for 2022 had been proposed in the Board of Directors' meetings in March 2023. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2023	
	Appropriation of Earnings	Dividend Per Share (NT\$)
Legal reserve	\$ 5,717	
Cash dividends	<u>50,965</u>	<u>\$ 0.2</u>
	<u>\$ 56,682</u>	

The proposal is subject to the resolution in the shareholders' meeting to be held in June 2024.

d. Special reserve

On the first-time adoption of IFRSs, the Company transferred retained earnings to special reserve due to IFRSs adjustments. The Company reversed special reserve to retained earnings of NT\$89,749 thousand.

e. Other equity

- 1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	(\$ 120,957)	(\$ 142,556)
Recognized for the year		
Exchange differences on translating foreign operations	(9,859)	25,601
Share of exchange difference of subsidiaries accounted for using the equity method	(21,641)	1,398
Income tax	<u>6,300</u>	(<u>5,400</u>)
Balance at December 31	<u>(\$ 146,157)</u>	<u>(\$ 120,957)</u>

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 101,118	\$ 135,986
Recognized for the year		
Unrealized gain and loss - equity instruments	<u>17,660</u>	(<u>34,868</u>)
Balance at December 31	<u><u>\$ 118,778</u></u>	<u><u>\$ 101,118</u></u>

24. OPERATING REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable, long-term notes and accounts receivables	<u>\$ 700,236</u>	<u>\$ 1,029,591</u>	<u>\$ 1,657,372</u>
Contract liabilities			
Sales of goods	<u>\$ 268,292</u>	<u>\$ 402,533</u>	<u>\$ 399,490</u>

b. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods	\$ 2,084,999	\$ 3,021,632
Revenue from maintenance and rebuilding services	<u>335,048</u>	<u>296,993</u>
	<u><u>\$ 2,420,047</u></u>	<u><u>\$ 3,318,625</u></u>

25. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 64,249	\$ 48,565
Dividend income	13,421	11,306
Others	<u>36,682</u>	<u>19,428</u>
	<u><u>\$ 114,352</u></u>	<u><u>\$ 79,299</u></u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain (loss)	\$ 5,421	\$ 48,577
Depreciation expense	(14,692)	(15,411)
Gain (loss) on financial instruments at fair value through profit or loss	(1,548)	15,414
Gain on disposal of property, plant and equipment	113,267	1,592
Gain on disposal of subsidiary (Note 12)	113,687	-
Others	<u>(4,461)</u>	(<u>2,351</u>)
	<u><u>\$ 211,674</u></u>	<u><u>\$ 47,821</u></u>

The components of net foreign exchange loss were as follows:

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain	\$ 43,272	\$ 88,482
Foreign exchange loss	(37,851)	(39,905)
Net foreign exchange gain (loss)	<u>\$ 5,421</u>	<u>\$ 48,577</u>

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 46,574	\$ 38,925
Interest on lease liabilities	13,984	11,594
Interest on short-term bills	<u>748</u>	<u>970</u>
	<u><u>\$ 61,306</u></u>	<u><u>\$ 51,489</u></u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Depreciation expenses		
Property, plant and equipment	\$ 93,794	\$ 103,840
Right-of-use assets	26,624	20,451
Investment properties	<u>13,340</u>	<u>14,153</u>
	<u><u>\$ 133,758</u></u>	<u><u>\$ 138,444</u></u>
An analysis of depreciation by function		
Operating costs	\$ 54,030	\$ 58,574
Operating expenses	65,036	64,459
Non-operating expenses	<u>14,692</u>	<u>15,411</u>
	<u><u>\$ 133,758</u></u>	<u><u>\$ 138,444</u></u>
Amortization expenses		
Computer software	\$ 17,697	\$ 11,493
Others	<u>13,372</u>	<u>13,791</u>
	<u><u>\$ 31,069</u></u>	<u><u>\$ 25,284</u></u>
An analysis of amortization by function		
Operating costs	\$ 16,063	\$ 17,936
Operating expenses	<u>15,006</u>	<u>7,348</u>
	<u><u>\$ 31,069</u></u>	<u><u>\$ 25,284</u></u>

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties that generated rental income	<u><u>\$ 15,890</u></u>	<u><u>\$ 16,822</u></u>

f. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 423,683	\$ 465,786
Insurance	49,869	48,210
Others	<u>24,088</u>	<u>26,481</u>
	<u><u>497,640</u></u>	<u><u>540,477</u></u>
Post-employment benefits		
Defined contribution plans	22,154	21,608
Defined benefit plans (Note 21)	<u>1,749</u>	<u>1,668</u>
	<u><u>23,903</u></u>	<u><u>23,276</u></u>
	<u><u><u>\$ 521,543</u></u></u>	<u><u><u>\$ 563,753</u></u></u>
Analysis of employee benefits by function		
Operating costs	\$ 370,197	\$ 383,468
Operating expenses	<u>151,346</u>	<u>180,285</u>
	<u><u>\$ 521,543</u></u>	<u><u>\$ 563,753</u></u>

g. Employees' compensation and remuneration of directors and supervisors

To be in compliance with the Company Act, the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors and supervisors for 2023 and 2022 had been approved by the Board of Director in March, 2024 and 2023, as illustrated below:

	For the Year Ended December 31	
	2023	2022
In Cash		
Employees' compensation	\$ 853	\$ 12,060
Remuneration of directors and supervisors	258	3,654

The estimated employees' compensation and remuneration of directors and supervisors for 2023 and 2022 was the same as the amount approved by the Company's board of directors in March 2024 and 2023, and paid in cash.

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in accounting estimate.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors are available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Income basic tax	\$ 4,840	\$ -
Income tax on unappropriated earnings	2,061	3,052
Adjustments for prior years	<u>\$ 945</u>	<u>\$ 7,347</u>
	<u>7,846</u>	<u>10,399</u>
Deferred tax		
In respect of the current year	(46,226)	37,751
Adjustments for prior years	<u>(640)</u>	<u>9,501</u>
	<u>(46,866)</u>	<u>45,252</u>
	<u>(\$ 39,020)</u>	<u>\$ 55,651</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 11,111</u>	<u>\$ 146,606</u>
Income tax expense calculated at the statutory rate (loss carryforwards benefit)	\$ 2,222	\$ 29,321
Non-deductible expenses in determining taxable income	(25,630)	6,430
Tax-exempt income	(22,737)	-
Income tax under the Alternative Minimum Tax Act	4,759	-
Income tax on unappropriated earnings	2,061	3,052
Adjustments for prior years	<u>305</u>	<u>16,848</u>
	<u>(\$ 39,020)</u>	<u>\$ 55,651</u>

b. Income tax benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current period		
Translation of foreign operations	(\$ 6,300)	(\$ 5,400)
Remeasurement on defined benefit plans	<u>(712)</u>	<u>(2,521)</u>
	<u>(\$ 5,588)</u>	<u>(\$ 7,921)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 1,855</u>	<u>\$ 2,527</u>
Current tax liabilities		
Income tax payable	<u>\$ 5,402</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences
Deferred tax assets				
Temporary differences				
Write-downs of inventory	\$ 97,244	\$ 1,908	\$ -	\$ 99,152
Allowance for bad debts	31,810	3,184	-	34,994
Share of loss of foreign subsidiaries	122,732	45,310	-	168,042
Exchange difference on translating foreign operations	30,239	-	6,300	36,539
Defined benefit plan	9,922	(636)	(712)	8,574
Loss carryforwards	7	2,157	-	2,164
Others	<u>16,363</u>	(5,057)	-	<u>11,306</u>
	<u>\$ 308,317</u>	<u>\$ 46,866</u>	<u>\$ 5,588</u>	<u>\$ 360,771</u>

Deferred tax liabilities

Temporary differences				
Land value increment tax	<u>\$ 61,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,301</u>

For the Year Ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences
Deferred tax assets				
Temporary differences				
Write-downs of inventory	\$ 116,951	(\$ 19,707)	\$ -	\$ 97,244
Allowance for bad debts	29,330	2,480	-	31,810
Share of loss of foreign subsidiaries	84,936	37,796	-	122,732
Exchange difference on translating foreign operations	35,639	-	(5,400)	30,239
Defined benefit plan	14,702	(2,259)	(2,521)	9,922
Loss carryforwards	50,504	(50,497)	-	7
Others	<u>29,428</u>	(<u>13,065</u>)	-	<u>16,363</u>
	<u>\$ 361,490</u>	<u>(\$ 45,252)</u>	<u>(\$ 7,921)</u>	<u>\$ 308,317</u>

Deferred tax liabilities

Temporary differences				
Land value increment tax	<u>\$ 61,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,301</u>

e. Information about Loss carryforwards

As of December 31, 2023, loss carryforwards comprised of the following:

Unused Amount	Expiry Year
\$ 7,515	2030
<u>3,305</u>	<u>2033</u>
<u>\$ 10,820</u>	

f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Net profit for the year	<u>\$ 50,131</u>	<u>\$ 90,955</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827
Effect of potentially dilutive potential ordinary shares:		
Employees' compensation	<u>192</u>	<u>865</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>255,019</u>	<u>255,692</u>

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. INVESTMENT IN SUBSIDIARIES-WITHOUT IMPACT OF CONTROLLING

In December 2022, the Company acquired 605,308 shares of Tong-Yeh from non-controlling interests at a total price of NT 13,499 thousand, resulting in an increase in the percentage of ownership of Tong-Yeh from 60.09% to 94.58%. The above transactions were accounted for as equity transaction since the Company did not cease to have control over the subsidiaries and increased capital surplus by NT\$1,456 thousand.

In September, 2023, the Company disposed 2,703 thousand shares of Honor Seiki at a total price of NT\$124,338 thousand, resulting in a decrease in the percentage of ownership of Honor Seiki from 54.47% to 46.63%. The above transactions were accounted for as equity transaction since the Company did not cease to have control over the subsidiaries and increased capital surplus of the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition by NT\$25,113 thousand.

29. DISPOSAL OF SUBSIDIARY - LOSS OF CONTROL

After Honor Seiki re-elected directors in November 2023, the company did not obtain more than half of the seats on the board of directors, resulting in the loss of control over it. Refer to note 31 in consolidated financial statement report.

30. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31	
	2023	2022
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 36,397	\$ 16,359
Decrease (increase) of payable for equipment	54	(3,282)
Increase (decrease) of prepayment for equipment	3,216	-
Decrease of inventory	(24,327)	-
Cash paid	<u>\$ 15,340</u>	<u>\$ 13,077</u>

31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that, as a whole, it will be able to continue as going concerns; the Company uses operating capital effectively and optimize debt and equity balance. The overall strategy of the Company has not significantly changed over in 2023.

The key management personnel of the Company reviews the capital structure periodically. As part of the review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The capital structure of the Company consists of net debt and equity, and is not subject to compliance with other external capital regulations.

32. FINANCIAL INSTRUMENTS

- Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the Company and its subsidiaries believe the carrying amounts of financial asset and liabilities recognized in the consolidated financial statements approximate their fair values.

- Fair value of financial instruments that are measured at fair value on a recurring basis
 - Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 145,239	\$ -	\$ -	\$ 145,239
Domestic unlisted shares	<u>\$ 145,239</u>	<u>\$ -</u>	<u>\$ 32,084</u>	<u>\$ 32,084</u>
				<u>\$ 177,323</u>

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 11,948	\$ -	\$ 11,948
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 123,364	\$ -	\$ -	\$ 123,364
Domestic unlisted shares	<u>\$ 123,364</u>	<u>\$ -</u>	<u>\$ 36,299</u>	<u>\$ 36,299</u>
				<u>\$ 159,663</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial assets

	Equity Instruments - Financial Assets at FVTOCI	
	For the Year Ended December 31	
	2023	2022
Financial assets		
Balance at January 1	\$ 36,299	\$ 35,335
Change in fair value recognized in other comprehensive income	(4,215)	964
Balance at December 31	<u>\$ 32,084</u>	<u>\$ 36,299</u>

3) Valuation techniques and input applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments used the quoted price of bank as the basis of the fair values.

4) Valuation techniques and assumptions applied for the purpose of measuring Level 3 fair value measurement.

If there are no market price for reference, fair values were estimated by assessment approach. For unlisted shares, fair values were determined based on the net worth of companies.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTPL	\$ -	\$ 11,948
Financial assets at amortized cost (1)	1,966,522	2,078,478
Financial assets at FVTOCI		
Equity instruments	177,323	159,663
Financial liabilities		
Financial liabilities at amortized cost (2)	3,022,864	3,336,816

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - non-current, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable (including related parties), other payables, long-term borrowings (including those due in one year) and guarantee deposit received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, notes and accounts receivable, notes and accounts payable, short-term and long-term borrowings, short-term bills payable and lease liabilities. The Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company minimizes the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price (refer to (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company is exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing swap contract, cross-currency swap contract, and foreign exchange forward contracts.

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 36.

The Company is mainly exposed to the USD, CNY and EUR. The following table details the Company's sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31	December 31	December 31	December 31	December 31	December 31
Profit or loss (Note)	(\$16,249)	(\$12,251)	(\$13,745)	(\$17,677)	(\$19,215)	(\$16,143)

Note: These were mainly attributable to the exposure of the USD, CNY and EUR (including cash and cash equivalent, accounts receivable and payable (including related parties), other receivable, other payable and short-term and long-term borrowings), which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Foreign currency sales change according to customer order and business cycle.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,167	\$ 423
Financial liabilities	913,121	501,573
Cash flow interest rate risk		
Financial liabilities	2,083,333	2,316,006

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. The interest rates change of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit and loss would have been lower/higher by NT\$20,833 thousand and higher/ lower NT\$23,160 thousand for the years ended December 31, 2023 and 2022, respectively.

c) Other price risk

The Company is exposed to equity price risk through their investments in mutual funds, and domestic listed shares.

If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2023 and 2022 would have been higher/lower by NT\$1,452 thousand and NT\$1,234 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk is the carrying amount of the financial assets on the standalone balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except for the following customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's concentration of credit risk in receivables (including notes and accounts receivable, long-term notes receivable, overdue receivables and other receivables) by customer was as follows:

Customer	December 31	
	2023	2022
Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	\$ 258,570	\$ 204,803
Company A	86,288	43,391
Company B	82,406	159,446
Company C	<u>23,534</u>	<u>104,230</u>
	<u><u>\$ 450,798</u></u>	<u><u>\$ 511,870</u></u>

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the balance sheet date.

December 31, 2023

	Less than				Total
	1 Year	1-5 Years	5+ Years		
Non-interest bearing liabilities	\$ 636,079	\$ 3,452	\$ -	\$ 639,531	
Interest bearing liabilities	2,298,313	102,380	-	2,400,693	
Finance lease liabilities	35,951	132,367	679,878	848,196	
Financial guarantee liabilities	<u>1,066,043</u>	-	-	<u>1,066,043</u>	
	<u><u>\$ 4,036,386</u></u>	<u><u>\$ 238,199</u></u>	<u><u>\$ 679,878</u></u>	<u><u>\$ 4,954,463</u></u>	

Further information for maturity analysis of lease liabilities was as follows:

	Less than 1					
	Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 35,951	\$ 132,367	\$ 162,365	\$ 162,365	\$ 155,768	\$ 199,380

December 31, 2022

	1 Year				Total
	1 Year	1-5 Years	5+ Years		
Non-interest bearing liabilities	\$ 872,358	\$ 3,452	\$ -	\$ 875,810	
Interest bearing liabilities	1,393,384	1,108,940	-	2,502,324	
Finance lease liabilities	28,438	100,543	586,295	715,276	
Financial guarantee liabilities	<u>837,677</u>	-	-	<u>837,677</u>	
	<u><u>\$ 3,131,857</u></u>	<u><u>\$ 1,212,935</u></u>	<u><u>\$ 586,295</u></u>	<u><u>\$ 4,931,087</u></u>	

Further information for maturity analysis of lease liabilities was as follows:

	Less than					
	1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 28,438</u>	<u>\$100,543</u>	<u>\$120,911</u>	<u>\$120,911</u>	<u>\$120,911</u>	<u>\$223,562</u>

33. TRANSACTIONS WITH RELATED PARTIES

Except for the information discloses in other notes, details of transactions between the Company and other related parties were as follows:

a. The name of the related parties and their relationships with the Company

Related Party Name	Relationship
Tongfong	Subsidiary
APEC	Subsidiary
Quick-Tech	Subsidiary
Tong-Yeh	Subsidiary
Chin-Jig	Subsidiary (was liquidated in December 2022)
Suzhou Tongyu	Subsidiary
TTJP	Subsidiary
TTM	Subsidiary
TTVN	Subsidiary
TTS	Subsidiary
TMM	Subsidiary
SKTD Co., Ltd.	Subsidiary
PCI	Subsidiary
Anger Machining GmbH (Anger)	Subsidiary
HPC Produktions GmbH	Subsidiary (was disposed out the shares in June 2023)
TTE	Subsidiary
Union Top	Subsidiary
Tongan	Subsidiary
Mbi-group Beteiligung GmbH	Subsidiary
TTGroup France (TTGF)	Subsidiary
Contrel Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Ever Lumin Incorporation	Other related parties
Honor Seiki	Other related parties (out of control in November 2023)
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
San Shin Co., Ltd. (San Shin)	Other related parties
Sysco Machinery Corporation	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Dong Ying Investment Co., Ltd.	Substantial related party
PT. Tong-Tai Seikindo Utama	Substantial related party

b. Sales of goods

Account Item	Related Party Type	For the Year Ended December 31	
		2023	2022
Revenues from sales	Subsidiaries		
	Suzhou Tongyu	\$ 158,212	\$ 218,131
	Quick-Tech	127,259	167,535
	Others	217,214	331,431
	Other related parties	4,291	5,813
		<u>\$ 506,976</u>	<u>\$ 722,910</u>

Sales to related parties are made at arm's length and the collection terms have no material difference with unrelated parties.

c. Purchase of goods

Related Party Type	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 148,004	\$ 226,239
Other related parties	<u>103,796</u>	<u>152,269</u>
	<u><u>\$ 251,800</u></u>	<u><u>\$ 378,508</u></u>

The purchase prices and payment term have no material difference with unrelated parties.

d. Receivables from related parties (not including loans to related parties)

Account Item	Related Party Type	December 31	
		2023	2022
Notes receivables - related parties	Subsidiaries	\$ 245	\$ 2,179 (Continued)
December 31			
Account Item	Related Party Type	2023	2022
Accounts receivable-related parties	Subsidiaries		
	Suzhou Tongyu	\$ 80,915	\$ 69,135
	PCI	23,914	37,530
	Quick-Tech	17,423	10,345
	Others	40,906	81,967
Other receivables - related parties	Other related parties	<u>2,206</u>	<u>2,923</u>
		<u><u>\$ 165,364</u></u>	<u><u>\$ 201,900</u></u>
Other receivables - related parties	Subsidiaries	\$ 34,212	\$ 16,648
	Other related parties	<u>5,799</u>	<u>1,192</u>
		<u><u>\$ 40,011</u></u>	<u><u>\$ 17,840</u></u>
(Concluded)			

e. Payables to related parties

Account Item	Related Party Type	December 31	
		2023	2022
Accounts payable - related parties	Subsidiaries		
	Tongfong	\$ 35,646	\$ 52,773
	Others	18,916	21,055
	Other related parties	<u>42,706</u>	<u>61,514</u>
		<u><u>\$ 97,268</u></u>	<u><u>\$ 135,342</u></u>
Other payables - related parties	Subsidiaries	\$ 9,620	\$ 15,406
	Other related parties	<u>355</u>	<u>324</u>
		<u><u>\$ 9,975</u></u>	<u><u>\$ 15,730</u></u>

f. Contract liabilities

Account Item	December 31	
	2023	2022
Subsidiaries	<u>\$21,391</u>	<u>\$ 1,892</u>

g. Disposal of other assets

Related Party Type	Object of Transaction	Disposal Year	Number of Shares	Disposal Price
Other related parties	Equity	2023	546,037	\$ 25,118
Key management personnel	Equity	2023	81,774	3,762

For the future development strategy of the group, the company disposed the shares of Honor Seiki to other related parties and key management personnel in July 2023. The disposal price is equivalent to a non-related party. Any difference between the disposal and the carrying amount is recognized under the capital surplus (Refer to Note 28).

h. Loans to related parties

Account Item	December 31	
	2023	2022
Other receivables - related parties		
Subsidiaries		
Anger	\$ 486,254	\$ 468,223
Suzhou Tongyu	173,080	132,240
TTE	70,622	70,633
Others	<u>119,131</u>	<u>63,821</u>
	<u>\$ 849,087</u>	<u>\$ 734,917</u>

Account Item	For the Year Ended December 31	
	2023	2022
Interest income		
Subsidiaries	<u>\$23,083</u>	<u>\$ 9,730</u>

The Company provided short-term loans to its subsidiaries, with the interest rate calculated based on the average rate of the Company's bank loans from ordinary financial institutions.

i. Endorsements and guarantees

Related Party Type	For the Year Ended December 31	
	2023	2022
Amount endorsed		
Subsidiaries		
Anger	\$ 937,848	\$ 569,328
Union Top	473,778	565,985
APEC	235,000	235,000
Quick-Tech	55,705	76,065
Others	<u>89,685</u>	<u>104,790</u>
	<u>\$ 1,792,016</u>	<u>\$ 1,551,168</u>

(Continued)

Related Party Type	For the Year Ended December 31	
	2023	2022
Amount utilized		
Subsidiaries		
Anger	\$ 458,730	\$ 322,292
Union Top	353,033	287,139
APEC	198,800	144,430
Quick-Tech	-	13,236
Others	<u>55,480</u>	<u>70,580</u>
	<u><u>\$ 1,066,043</u></u>	<u><u>\$ 837,677</u></u>
		(Concluded)

j. Other transactions with related parties

Related Party Type	For the Year Ended December 31	
	2023	2022
1) After-sales service expenses (recognized as selling and marketing expenses)		
Subsidiaries		
Suzhou Tongyu	\$ 6,658	\$ 8,286
TTJP	18,605	19,103
TTGF	15,173	14,023
Others	5,329	6,982
Other related parties	<u>771</u>	<u>1,232</u>
	<u><u>\$ 46,536</u></u>	<u><u>\$ 49,626</u></u>
2) Commission expense (recognized as selling and marketing expenses)		
Subsidiaries	\$ 1,780	\$ 1,615
Other related parties	<u>548</u>	<u>1,055</u>
	<u><u>\$ 2,328</u></u>	<u><u>\$ 2,670</u></u>
3) Rental income		
Subsidiaries	\$ 2,501	\$ 3,715
Other related parties		
Shiang Jen	5,400	5,280
Others	<u>2,080</u>	<u>4</u>
	<u><u>\$ 9,981</u></u>	<u><u>\$ 8,999</u></u>

The above rent was determined by negotiation and collected according to the contract. The contract price is comparable to the prices of similar contracts in the area.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 14,035	\$ 13,665
Post-employment benefits	<u>572</u>	<u>240</u>
	<u><u>\$ 14,607</u></u>	<u><u>\$ 13,905</u></u>

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company's assets mortgaged or pledged as collateral for short-term and long-term borrowings, lease of land at Southern Science Industrial Park, and banker's guarantee were as follows:

	December 31	
	2023	2022
Property, plant and equipment	\$ 832,948	\$ 862,052
Investment properties	249,967	272,701
Other financial assets (including current and non-current portion)	<u>106,372</u>	<u>85,614</u>
	<u><u>\$ 1,189,287</u></u>	<u><u>\$ 1,220,367</u></u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Company as of December 31, 2022 were as follows:

For sales, bidding, export tariff and commodity tax, the Company entered into credit facility agreements with banks for commitment amount of NT\$376,713 thousand.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
		December 31, 2023	New Taiwan Dollars)	
Monetary foreign currency assets				
CNY	\$ 107,844	4.327	(CNY: NTD)	\$ 466,640
USD	18,686	30.705	(USD: NTD)	573,744
EUR	18,877	33.98	(EUR: NTD)	641,443
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
MYR	7,915	6.411	(MYR: NTD)	50,740
JPY	104,940	0.2172	(JPY: NTD)	22,793
USD	85	30.705	(USD: NTD)	2,619
Monetary foreign currency liabilities				
USD	1,046	30.705	(USD: NTD)	32,102
EUR	27	33.98	(EUR: NTD)	928
CNY	1,957	4.327	(CNY: NTD)	8,469
Non-monetary foreign currency liabilities				
Investment accounted for using the equity method				
EUR	8,670	33.98	(EUR: NTD)	294,612

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2022			
Monetary foreign currency assets			
CNY	\$ 134,608	4.408 (CNY: NTD)	\$ 593,352
USD	18,365	30.71 (USD: NTD)	563,989
EUR	16,942	32.72 (EUR: NTD)	554,342
Non-monetary foreign currency assets			
Investment accounted for using the equity method			
MYR	7,425	6.699 (MYR: NTD)	49,739
JPY	99,527	0.2324 (JPY: NTD)	23,130
USD	169	30.71 (USD: NTD)	5,192
Non-monetary foreign currency liabilities			
Investment accounted for using the equity method			
EUR	3,589	32.72 (EUR: NTD)	126,269

The total foreign exchange net gain amounted to NT\$5,421 thousand and 48,577 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose the net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

37. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
 - 1) Financial provided: Please see Table 1 attached;
 - 2) Endorsement/guarantee provided: Please see Table 2 attached;
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 7) Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
 - 9) Information about the derivative financial instruments transaction: Please see Note 7;
- b. Names, locations, and related information of investees over which the Company and its subsidiaries exercises significant influence (excluding information on investment in Mainland China): Please see Table 6 attached;

c. Information on investment in Mainland China

- 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 4 attached;
 - c) The amount of property transactions and the amount of the resultant gains or losses: None;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

d. Information of major shareholders: Please see Table 8 attached.

38. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.

TABLE 1

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	\$ 70,324	\$ 69,086	\$ 33,776	1.7~3.8	Note 1	\$ -	Operating capital	\$ -	\$ -	\$ 509,466	\$ 1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	496,700	486,254	486,254	1.35~4.75	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	Other receivables - related party	Yes	51,345	50,970	50,970	4.971~5.269	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	143,773	141,243	70,622	1.3~3.8	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	177,320	173,080	173,080	2.8~3	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	27,704	23,786	23,786	1.35~4.872	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Other receivables - related party	Yes	35,600	30,600	10,600	1.3~1.81	Note 1	-	Operating capital	-	-	509,466	1,018,932	Note 2	
1	Union Top	PCI-SCEMM	Other receivables - related party	Yes	34,710	33,980	33,980	4.971	Note 1	-	Operating capital	-	-	95,517	195,034	Note 3	
1	Union Top	Anger Machining GmbH	Other receivables - related party	Yes	94,897	92,901	92,901	1.5	Note 1	-	Operating capital	-	-	95,517	195,034	Note 3	
1	Union Top	Mbi-group Beteiligung GmbH	Other receivables - related party	Yes	10,066	9,854	9,854	3	Note 1	-	Operating capital	-	-	95,517	195,034	Note 3	
1	Union Top	Tongan GmbH	Other receivables - related party	Yes	17,424	17,058	17,058	3.5	Note 1	-	Operating capital	-	-	95,517	195,034	Note 3	
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	6,942	6,796	6,796	2.21~3.46	Note 1	-	Operating capital	-	-	17,517	35,035	Note 3	
2	PCI-SCEMM	CERIMATEC	Other receivables - related party	Yes	34,710	33,980	29,267	3.46	Note 1	-	Operating capital	-	-	17,517	35,035	Note 3	

Note 1: The need for short-term financing.

Note 2: According to the "Procedures for Lending Funds to Other Parties" established by the Company, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 3: According to the "Procedures for Lending Funds to Other Parties" established by the subsidiaries, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

TABLE 2

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	The Company owns directly or indirectly over 50% ownership of the investee company	\$ 1,528,399	\$ 32,425	\$ 30,705	\$ -	\$ -	0.60	\$ 2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	500,318	473,778	353,033	-	9.30	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	34,710	33,980	33,980	-	0.67	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	944,748	937,848	937,848	-	18.41	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	235,000	235,000	198,800	-	4.61	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	16,285	-	-	-	-	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	40,000	25,000	21,500	-	0.49	2,547,332	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,528,399	75,720	55,705	-	-	1.09	2,547,332	Y	-	-	

Note: According to the "Procedures for Making Endorsements and Guarantees" established by the Company, the ceilings on the amounts to make endorsements/guarantees are as follows,

- For Tongtai Machine & Tool Co., Ltd.,
 - The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
 - The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.
- For Tongtai Machine & Tool Co., Ltd. and subsidiaries,
 - The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
 - The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.
 - Except for (1) and (3), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher)

TABLE 3

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Tongtai Machine & Tool Co., Ltd.	Common stock	Same president	Financial assets at fair value through other comprehensive income – non-current	6,849,178	\$ 126,367	4	\$ 126,367	
	Contrel Technology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	1,520,000	14,115	19	14,115	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non-current	280,000	18,872	1	18,872	
	World Known MFG (Cayman) Limited		Financial assets at fair value through other comprehensive income - non-current	295,371	11,655	4	11,655	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non-current	229,729	6,314	1	6,314	
	WORLD KNOWN MFG. CO., LTD.		Financial assets at fair value through other comprehensive income - non-current		<u>\$ 177,323</u>		<u>\$ 177,323</u>	
	Preference share	-	Financial assets at amortized cost non-current	20,000	<u>\$ 20,000</u>		<u>\$ 20,000</u>	
	POTZU CO., LTD.							

TABLE 4

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Purchase/Sale Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	Sales	(\$ 158,212)	6.54	Comparable with ones of non-related party transactions	\$ -	-	\$ 80,915	11.59	
	Quick-Tech Machinery Co., Ltd.	Subsidiary	Sales	(127,259)	5.26	Comparable with ones of non-related party transactions	-	-	17,423	2.50	

TABLE 5**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd. Anger Machining GmbH	Subsidiary Subsidiary	\$ 258,570 (Note 1) 507,653 (Note 2)	2.11 3.36	\$ - - -	- -	\$ 22,722 - -	\$ - - -

Note 1: Including accounts receivable amounted of NT\$80,915 thousand and other receivable amounted of NT\$177,655 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$1,561 thousand and other receivable amounted of NT\$506,092 thousand. Other receivable was excluded in the calculation turnover rate.

TABLE 6

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount				
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	\$ 560,867	\$ 560,867	16,465,400	100.00	\$ 972,634	(\$ 60,223)	(\$ 60,223)		
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,005	14,005	1,500,000	100.00	37,230	4,201	4,201		
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,240	409,240	14,515,634	99.83	144,888	16,442	16,442		
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	197,989	197,989	11,896,891	99.14	82,501	33,224	33,584		
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales, manufacturing and processing of machine component	28,020	28,020	1,659,790	94.58	29,099	(11,769)	(11,132)		
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	22,793	1,202	1,202		
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	25,132	2,540	2,540		
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co.,Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	21,491	(1,156)	(1,156)		
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	15,988	6,733	3,501		
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	34,752	(292)	(292)		
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	2,619	(2,610)	(2,610)		
Tongtai Machine & Tool Co., Ltd.	TTGroup America Inc.	USA	Sales of merchandise	-	-	-	100.00	-	-	-		
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	4,474	(2,941)	(2,941)		
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	175,175	(183,904)	(183,904)		
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(56,383)	(8,223)	(8,223)		
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	(413,404)	25,554	25,554		
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	62,978	106,721	16,088,893	46.63	741,343	141,380	71,135		
Tongtai Machine & Tool Co., Ltd.	Printin3d DigiTech Co., Ltd.	Taoyuan City	Development of 3D printer of digital Implantology	10,000	10,000	1,000,000	40.00	9,022	2,266	907		
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-		
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-		
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	17,027	810	800		
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	(1,633)	2,423	2,423		
PCI-SCEMM	CERIMATEC	France	Design and development of machine tools	9,816	9,816	300,000	100.00	11,335	5,748	5,748		
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	(350,482)	24,513	24,513		
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales of mold and equipment	-	1,215	-	100.00	-	6,423	6,423		
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	595,855	595,855	-	100.00	(303,174)	35,357	35,357		
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	13,481	12,279	12,279		
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	3,602	1,062	1,062		

Note 1: Loss of control in November 2023, please refer to Note 12.

Note 2: In June 2023, the subsidiary was disposed out the shares.

TABLE 7

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 73,950	Investments through a holding company registered in a third region	\$ 73,938	\$	\$	\$ 73,938	(\$ 4,445)	100.00	(\$ 4,445)	\$ 84,218	\$ -	-
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	767,750	Investments through a holding company registered in a third region	767,625			767,625	(42,927)	100.00	(42,927)	1,055,267	199,923	-
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	6,141	Investments through a holding company registered in a third region	6,141			6,141	537	100.00	537	9,761	8,972	-
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	76,762	Investments through a holding company registered in a third region	42,219			42,219	-	55.00	-	-	-	-

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 889,923	\$ 889,923	\$ 3,056,798

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2023.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" shall not exceed 60% of their net worth.

TABLE 8

TONGTAI MACHINE & TOOL CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of The Major Shareholder	Shares	
	Number of Shares Owned (shares)	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	20,869,889	8.18

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Company's common shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

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STATEMENT 1

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand	<u><u>\$ 354</u></u>
Bank deposits in New Taiwan dollar	
Demand deposits	<u><u>183,846</u></u>
Foreign currency deposits (Note)	
USD 984 thousand	30,203
CNY 1,483 thousand	6,417
EUR 323 thousand	10,991
JPY 4,277 thousand	929
GBP 2 thousand	<u><u>60</u></u>
	<u><u>48,600</u></u>
	<u><u>232,800</u></u>
Cash equivalents	
HSBC Bank - USD time deposit amounted of USD 120 thousand with annual interest rate 5.0% and maturity date at 2024.01.08	3,685
First Bank - USD time deposit amounted of USD 80 thousand with annual interest rate 3.72% and maturity date at 2024.02.04	<u><u>2,456</u></u> <u><u>6,141</u></u>
	<u><u>\$ 238,941</u></u>

Note: US\$1=NT\$30.705, CNY¥1=NT\$4.327, JPY¥1=NT\$0.2172, EUR€1=NT\$33.98 and GBP£1=NT\$39.15.

STATEMENT 2**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF NOTES RECEIVABLES AND LONG-TERM NOTES RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Notes receivable	
Non-Related Parties	
Company E	\$ 12,818
Company F	11,765
Company G	11,760
Company H	6,524
Company I	5,652
Company J	4,263
Company K	4,231
Others (Note)	<u>19,840</u>
	76,853
Less: Unrealized interest revenue	<u>1,309</u>
	<u><u>\$ 75,544</u></u>
Related Parties	
Asia Pacific Elite Corp.	<u>\$ 245</u>
Long-term notes receivable	
Company L	\$ 1,607
Company M	<u>560</u>
	<u><u>\$ 2,167</u></u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 3**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF ACCOUNTS RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount	Note
Non-Related Parties		
Company A	\$ 86,288	Sale of goods
Company B	82,406	Sale of goods
Company D	43,685	Sale of goods
Others (Note)	<u>410,665</u>	
	623,044	
Less: Allowance for impairment loss	<u>166,128</u>	
	<u><u>\$ 456,916</u></u>	
Related Parties		
Suzhou Tongyu Machine Tool Co., Ltd.	\$ 80,915	Sale of goods and maintenance services
PCI	23,914	Sale of goods and maintenance services
Quick-Tech	17,423	Sale of goods and maintenance services
TTE	14,530	Sale of goods and maintenance services
APEC	10,777	Sale of goods and maintenance services
Others (Note)	<u>17,805</u>	
	<u><u>\$ 165,364</u></u>	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Non-Related Parties	
Tax refund receivable	\$ 2,431
Income receivable	1,118
Others (Note)	<u>3,145</u>
	<u><u>\$ 6,694</u></u>
Related Parties	
Receivable from financing provided to others	\$ 849,087
Others (Note)	<u>40,011</u>
	<u><u>\$ 889,098</u></u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 5

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Value (Note 1)	Net Realizable Value (Note 2)
Raw materials	\$ 1,228,120	\$ 1,341,329
Supplies	134,235	136,152
Work-in-progress	909,397	956,301
Finished goods	373,259	435,463
	<u>\$ 2,645,011</u>	<u>\$ 2,869,245</u>

Note 1: Net carrying value with a deduction of allowance for loss on inventory value decline of inventories amounted of NT\$495,760 thousand.

Note 2: Refer to Note 4 for information of net realizable value.

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Balance, January 1, 2023		Additions		Decrease		Balance, December 31, 2023		Collateral	Note
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value (Note 1)		
Domestic listed shares										
Contrel Technology Co., Ltd.	6,849,178	\$ 113,354	-	\$ 13,013	-	\$ -	6,849,178	\$ 126,367	None	
World Known MFG (Cayman) Limited	280,000	10,010	-	8,862	-	-	280,000	18,872	None	
Domestic unlisted shares										
Shiang Jen Co., Ltd	1,520,000	17,181	-	-	-	3,066	1,520,000	14,115	None	
USYNC INC.	295,371	12,981	-	-	-	1,326	295,371	11,655	None	
WORLD KNOWN MFG. CO., LTD.	229,729	6,137	-	177	-	-	229,729	6,314	None	
		<u>\$ 159,663</u>		<u>\$ 22,052</u>		<u>\$ 4,392</u>		<u>\$ 177,323</u>		

Note 1: Fair values are measured on the basis of the closing price on the balance sheet date or measured using the valuation techniques in Note 30.

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2023		Additions (Note 1)		Decrease		Balance, December 31, 2023			Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Owners hip	Amount	Unit Price	Total Amount	Collateral
Investments in subsidiaries												
Tongfong Auto Tech Co., Ltd.	1,500,000	\$ 39,029	-	\$ -	-	(\$ 1,799)	1,500,000	100.00	\$ 37,230	\$ 24.82	\$ 37,230	None
Asia Pacific Elite Corp.	14,515,634	144,723	-	17,451	-	-	14,515,634	99.83	162,174	10.11	146,701	None
Quick-Tech Machinery Co., Ltd.	11,896,891	60,906	-	33,584	-	-	11,896,891	94.14	94,490	7.52	89,436	None
Tong-Yeh Precision Co., Ltd.	1,659,790	40,534	-	-	-	(11,435)	1,659,790	94.58	29,099	38.44	40,534	None
Honor Seiki Co., Ltd.	22,108,109	608,388	-	-	22,108,109	(608,388) (Note 2)	-	-	-	-	-	None
Tongtai Machine & Tool Japan Co., Ltd.	889	23,130	-	2,733	-	(337)	889	100.00	22,793	25,638.52	22,793	None
Tong Tai Machinery Co., Ltd.	999,998	22,399	-	-	-	-	999,998	100.00	25,132	25.13	25,132	None
Tongtai Seiki Vietnam Co., Ltd.	631,080	23,337	-	2,861	-	(1,846)	631,080	100.00	21,491	34.05	21,491	None
Tongtai Machine Tool (SEA) Sdn. Bhd.	520,000	13,127	-	-	-	-	520,000	52.00	15,988	30.75	15,988	None
Tongtai Machine Tool (MFG) Sdn. Bhd.	8,500,000	36,612	-	-	-	(1,860)	8,500,000	100.00	34,752	4.09	34,752	None
Tong-Tai Seiki USA, Inc.	100	5,192	-	-	-	(2,573)	100	100.00	2,619	2,619	2,619	None
TTGroup America, Inc.	-	-	-	-	-	-	-	100.00	-	-	-	None
Tongtai Mexico, S.A. DE C. V.	65,999	6,515	-	-	-	(2,041)	65,999	100.00	4,474	67.79	4,474	None
Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines	1,000,000	343,304	-	-	-	(168,129)	1,000,000	100.00	175,175	175.18	175,175	None
Tongtai Europe B.V.	9,000	(47,008)	-	-	-	(9,375)	9,000	100.00	(56,383)	(6,264.78)	(56,383)	None
Union Top Industrial (Samoa) Limited	16,465,400	1,049,831	-	-	-	(77,197)	16,465,400	100.00	972,634	59.23	975,174	None
Tongan GmbH	35,000	(422,565)	-	9,161	65,790	(884,980)	35,000	100.00	(413,404)	(12,073.29)	(422,565)	1,112,551
Accumulated impairment												
Asia Pacific Elite Corp.		(17,286)										
Quick-Tech Machinery Co., Ltd.		(11,989)										
Add: Credit balance for investments accounted for using the equity method		469,573		214					469,787			
		2,387,752		66,004		(884,980)			1,568,776		1,112,551	
Investments in associates												
Cyber Laser Taiwan Co., Ltd.	2,000,000	7,841	-	-	741,343 (Note 3)	-	2,000,000	33.00	7,841	-	-	None
Honor Seiki Co., Ltd.	-	-	-	-	-	-	16,088,893	46.63	741,343	38.86	625,197	None
Printin3d DigiTech Co., Ltd.	1,000,000	8,115	-	907	742,250	-	1,000,000	40.00	9,022		9,022	None
Accumulated impairment- Cyber Laser Taiwan Co., Ltd.		(7,841)		-					(7,841)			
		8,115		742,250					750,365		634,219	
		\$ 2,395,867		\$ 808,254		(\$ 884,980)			\$ 2,319,141		\$ 1,746,770	

Note 1: Except for increase or decrease in investment, the change in the current year was mainly from the elimination of unrealized profit or loss from downstream transactions, gain and loss from investment, adjustments in equity from investments and dividends received.

Note 2: In November 2023, the Company loss control. Pursuant to IAS 28, it is treated as a complete disposal. A disposal gains of \$113,687 thousand was recognized, alongside the recognition of downstream transactions realized gains from the disposal of property, plant, and equipment totaling \$113,267 thousand.

Note 3: Pursuant to IAS 28, upon loss of control over a subsidiary, the remaining investment in the subsidiary shall be measured at fair value, with any increase recognized.

STATEMENT 8**TONGTAI MACHINE & TOOL CO., LTD**

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Balance, January 1, 2023	Additions (Note)	Decrease	Balance, December 31, 2023
Cost				
Land	\$ 540,029	\$ 130,554	\$ -	\$ 670,583
Transportation equipment	<u>11,215</u>	<u>2,194</u>	(<u>837</u>)	<u>12,572</u>
Total	<u>551,244</u>	<u>\$ 132,748</u>	(<u>\$ 837</u>)	<u>683,155</u>
Accumulated depreciation				
Land	64,562	\$ 22,302	\$ -	86,864
Transportation equipment	<u>3,302</u>	<u>4,322</u>	(<u>837</u>)	<u>6,787</u>
Total	<u>67,864</u>	<u>\$ 26,624</u>	(<u>\$ 837</u>)	<u>93,651</u>
	<u><u>\$ 483,380</u></u>			<u><u>\$ 589,504</u></u>

Note : The increase in right-of-use assets was due to new lease agreement.

STATEMENT 9**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF OTHER FINANCIAL ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Bank Name	Interest Rates (%)	Period	Amount	Note
Current				
Bank of Taiwan - Demand deposits	-	-	\$ 1,488	Note 1
HSBC - Time deposits	5.00	112.05.15~113.03.15	7,598	Note 2
HSBC - Time deposits	5.00	112.12.18~113.06.18	<u>1,842</u>	Note 2
			<u>\$ 10,928</u>	
Noncurrent				
CTBC Bank - Time deposit	5.30	112.08.09~113.02.09	\$ 21,494	Note 3
E.SUN Bank - Time deposit	4.65	112.08.13~113.02.12	25,178	Note 3
TAISHIN Bank - Time deposit	5.40	112.12.16~112.03.16	30,705	Note 3
HSBC - Time deposit	5.00	112.09.15~113.03.15	2,841	Note 3
Bank of Taiwan - Time deposit	1.575	112.07.07~113.07.07	4,000	Note 4
Bank of Taiwan - Time deposit	1.575	112.07.02~113.07.02	3,914	Note 4
Bank of Taiwan - Time deposit	1.450	112.03.09~113.03.09	4,500	Note 4
Bank of Taiwan - Time deposit	1.450	112.03.09~113.03.09	<u>4,300</u>	Note 4
			<u>\$ 96,932</u>	

Note 1: Deposit due to Technology development program.

Note 2: Deposit due to bank guarantee for subsidiary, Anger.

Note 3: Deposit due to loan for subsidiary, Anger.

Note 4: Deposit due to lease of land.

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type	Contract Period	Range of Interest Rates (%)	Balance, End of Year	Loan Commitments	Collateral	Note
Unsecured loans						
First Commercial Bank	112.12.27~113.03.07	1.75	\$ 100,000	\$ 500,000	None	Note 1
First Commercial Bank	112.11.30~113.02.29	1.75	130,000	500,000	None	Note 1
First Commercial Bank	112.10.11~113.01.09	1.75	100,000	500,000	None	Note 1
Bank of Taiwan	112.11.15~113.02.06	1.71	300,000	300,000	None	
Taiwan Cooperative Bank	112.09.05~113.09.05	1.803	150,000	150,000	None	
E.SUN Bank	112.11.30~113.02.29	1.75	80,000	100,000	None	
Chang Hwa Bank	112.12.27~113.03.26	1.75	130,000	450,000	None	
Chang Hwa Bank	112.12.25~113.03.22	1.75	180,000	9,211,500	None	Note 2
Chang Hwa Bank	112.12.27~113.03.26	1.75	<u>120,000</u>	9,211,500	None	Note 2
			<u>\$ 1,290,000</u>			

Note 1: Loan Commitment: NT\$500,000 thousand.

Note 2: Loan Commitment: NT\$300,000 thousand.

STATEMENT 11

TONGTAI MACHINE & TOOL CO., LTD

**STATEMENT OF CONTRACT LIABILITIES - CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Company N	\$ 38,400
Company O	22,966
Others (Note)	<u>206,926</u>
	<u>\$ 268,292</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 12

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related Parties	
Others (Note)	<u>\$ 320,151</u>
Related Parties	
Tongfong Auto Tech Co., Ltd.	\$ 35,646
Shiang Jen Co., Ltd.	27,559
San Shin Co., Ltd.	8,847
Asia Pacific Elite Corp.	7,930
Contrel Technology Co., Ltd.	6,300
Others (Note)	<u>10,986</u>
	<u>\$ 97,268</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bank Name	Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31, 2023			Collateral	Note
			Current	Over 1 Year	Total		
Unsecured Loans							
Export-Import Bank of the Republic of China	Repayable in February 2024	1.8671	\$ 350,000	\$ -	\$ 350,000	None	
Export-Import Bank of the Republic of China	Repayable semiannually through March 2021 to September 2024	2.0361	60,000	-	60,000	None	
			<u>410,000</u>	<u>-</u>	<u>410,000</u>		
Mortgage loans							
Bank of Taiwan	Repayable semiannually through December 2021 to June 2024	1.860	450,000	-	450,000	Note	
Chang Hwa Bank	Repayable quarterly through October 2022 to July 2025	1.800	133,333	100,000	233,333	Note	
			<u>583,333</u>	<u>100,000</u>	<u>683,333</u>		
			<u>\$ 993,333</u>	<u>\$ 100,000</u>	<u>\$ 1,093,333</u>		

Note: Refer to Note 34 for further information.

STATEMENT 14

TONGTAI MACHINE & TOOL CO., LTD

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Object	Period	Discount Rates (%)	Amount
Land	Note	2007.06~ 2043.03	2.16~2.48	\$ 607,289
Transportation Equipment	Lease of company cars	2021.01~ 2028.12	0.69~1.98	<u>5,832</u>
				613,121
Less: Current portion				<u>21,869</u>
Lease liabilities-noncurrent				<u>\$ 591,252</u>

Note: Refer to Note 15 for lease content.

STATEMENT 15

TONGTAI MACHINE & TOOL CO., LTD

**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Quantities (Number)	Amount
Total Operating Revenues		
Revenue from sale of goods		
Machining Center	310	\$ 1,091,711
CNC Lathe	251	718,536
PCB Processing Machine	47	159,134
Others (Note)	11	<u>119,822</u>
		<u>2,089,203</u>
Revenue from maintenance service		<u>335,896</u>
		<u>2,425,099</u>
Sales return and allowance		
Sales allowance		(<u>4,205</u>)
Maintenance return and allowance		(<u>847</u>)
		<u><u>\$ 2,420,047</u></u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

STATEMENT 16**TONGTAI MACHINE & TOOL CO., LTD****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 1,362,922
Raw material purchased	833,167
Raw materials, end of year	(1,228,120)
Transfer in from work-in-progress	67,267
Sale of raw materials	(48,063)
Others	(298)
Raw materials used	<u>986,875</u>
Supplies, beginning of year	142,372
Supplies purchased	187,131
Supplies, end of year	(134,235)
Transfer in from work-in-progress	169,911
Sale of supplies	(13,952)
Supplies used	<u>351,227</u>
Direct labor	236,704
Manufacturing expenses	<u>299,160</u>
Manufacturing cost	1,873,966
Work in progress, beginning of year	847,216
Work in progress, end of year	(909,397)
Transfer in from finished goods	11,353
Transfer out to raw materials	(67,267)
Transfer out to supplies	(169,911)
Transfer out to expense	(162,737)
Total manufacturing cost	1,423,223
Finished goods, beginning of year	521,776
Finished goods purchased	12,286
Transfer in from property, plant and equipment	19,619
Finished goods, end of year	(373,259)
Transfer out to work-in-progress	(11,353)
Transfer out to property, plant and equipment	(12,775)
Total production cost	1,579,517
Sale of raw materials and supplies	<u>62,015</u>
Cost of goods sold	1,641,532
Warranties cost	20,818
Maintenance and repair cost	178,191
Others	<u>45,001</u>
Operating costs	<u>\$ 1,885,542</u>

Note: The inventories were stated as net carrying value with a deduction of allowance for loss on inventory value decline of inventories.

STATEMENT 17

TONGTAI MACHINE & TOOL CO., LTD

**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Loss of expected Credit Loss	Total
Payroll expense (including pension and remuneration of director)	\$ 74,067	\$ 55,229	\$ -	\$ -	\$ 129,296
After sales service expense	75,091	-	-	-	75,091
Commission expense	24,564	-	-	-	24,564
Import/export expense	18,538	-	-	-	18,538
Entertainment expense	22,194	896	-	-	23,090
Depreciation expense	6,605	58,263	168	-	65,036
Loss of expected credit loss	-	-	-	12,741	12,741
Others	<u>114,446</u>	<u>103,419</u>	<u>146,507</u>	<u>-</u>	<u>364,372</u>
	<u>\$ 335,505</u>	<u>\$ 217,807</u>	<u>\$ 146,675</u>	<u>\$ 12,741</u>	<u>\$ 712,728</u>

STATEMENT 18**TONGTAI MACHINE & TOOL CO., LTD**
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2023				For the Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total
Employee benefits								
Salaries	\$ 300,643	\$ 120,832	\$ -	\$ 421,475	\$ 313,727	\$ 150,714	\$ -	\$ 464,441
Labor and health insurance	37,271	12,598	-	49,869	36,856	11,354	-	48,210
Post-employment benefits	17,647	6,256	-	23,903	17,654	5,622	-	23,276
Remuneration of directors	-	2,208	-	2,208	-	1,345	-	1,345
Others	<u>\$ 14,636</u>	<u>9,452</u>	<u>-</u>	<u>\$ 24,088</u>	<u>\$ 15,231</u>	<u>\$ 11,250</u>	<u>-</u>	<u>\$ 26,481</u>
	<u><u>\$ 370,197</u></u>	<u><u>\$ 151,346</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 521,543</u></u>	<u><u>\$ 383,468</u></u>	<u><u>\$ 180,285</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 563,753</u></u>
Depreciation	\$ 54,030	\$ 65,036	\$ 14,692	\$ 133,758	\$ 58,574	\$ 64,459	\$ 15,411	\$ 138,444
Amortization	16,063	15,006	-	31,069	17,936	7,348	-	25,284

Note 1: As of December 31, 2023 and 2022, the Company had 678 and 684 employees, respectively, which included 11 and 10 non-employee directors, respectively.

Note 2: Average employee benefits for the years ended December 31, 2023 and 2022 were NT\$779 thousand and NT\$834 thousand, respectively.

Note 3: Average salaries for the years ended December 31, 2023 and 2022 were NT\$632 thousand and NT\$689 thousand, respectively.

Note 4: Changes of adjustments of average salaries was 8%.

Note 5: The Company has established an Audit Committee to replace supervisors.

Note 6: The Company's remuneration policies are as follows:

The remuneration of independent directors of the Company is set at NT\$420 thousand per person per year and the Compensation Committee may adjust it at its discretion according to the value of its participation in and contribution to the Company's operations.

The Articles of Incorporation of the Company stipulated the Company to distribute remuneration of directors at the rates no higher than 5% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of directors' remuneration, the Compensation Committee will then make a distribution proposal based on the individual director's participation in the Company's operations and contribution value.

The salary of the Company's managers is determined and regularly evaluated by the Compensation Committee based on Taiwan's human resources market, industry categories of the same nature, and the value of the managers' participation in and contribution to the Company's operations. The remuneration of managers is based on the provisions of the Company's Articles of Incorporation. If there is profit in any given fiscal year, it shall allocate at the rates no less than 1% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of employee compensation, the

Compensation Committee will then formulate a distribution proposal based on the manager's personal and departmental performance achievement rate and the degree of important contribution to the Company, and the distribution will be distributed after the board of directors' resolutions.

The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation at the rates no less than 1% of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. After the board of directors resolved the amount of employee compensation, bonuses will be issued based on the results of the employees' annual performance appraisal.